

Message Text

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PAGE 01 VIENTI 00792 250521Z
ACTION TRSE-00

INFO OCT-01 EA-10 NEA-10 ISO-00 SP-02 ICA-11 AID-05
EB-08 NSC-05 SS-15 STR-07 OMB-01 CEA-01 IO-13
L-03 H-01 CIAE-00 COME-00 FRB-03 INR-10 NSAE-00
XMB-02 OPIC-03 LAB-04 SIL-01 /116 W
-----044196 251514Z /53

R 250400Z JUL 78
FM AMEMBASSY VIENTIANE
TO SECSTATE WASHDC 9440
INFO AMEMBASSY BANGKOK
AMEMBASSY CANBERRA
AMEMBASSY COLOMBO
AMEMBASSY DACCA
AMEMBASSY ISLAMABAD
AMEMBASSY JAKARTA
AMEMBASSY KABUL
AMEMBASSY KATHMANDU
AMEMBASSY KUALA LUMPUR
AMEMBASSY MANILA
AMEMBASSY NEW DELHI
PORT MORESBY 004
AMEMBASSY RANGOON
AMEMBASSY SEOUL
AMEMBASSY SINGAPORE
AMEMBASSY SUVA
AMEMBASSY TAIPEI
AMEMBASSY TOKYO
AMEMBASSY WELLINGTON
AMCONSUL HONG KONG

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E.O. 11652: N/A
TAGS: EGEN, ETRD, BEXP, ADB, CE
SUBJECT: U.S. PROCUREMENT FROM ASIAN DEVELOPMENT BANK (ADB)
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REF: STATE 155300

SUMMARY: WE AGREE WITH THE GENERAL OUTLINE OF RESPONSES
SUBMITTED BY OTHER POSTS IN RESPONSE TO REFTEL. THE
PARTICULAR POLITICAL SITUATION IN LAOS CREATES
ADDITIONAL PROBLEMS WHICH WILL CONTINUE TO MAKE U.S.

PROCUREMENT ON ADB PROJECTS HERE UNLIKELY. END SUMMARY.

1. THE GENERAL FACTORS CITED BY BUSINESSMEN HERE FOR THE LOW RATE OF U.S. PROCUREMENT FROM THE ADB ARE BASICALLY THE SAME AS CITED BY OTHER POSTS. IN PARTICULAR THEY STRESS:

A. THE DOMINANT ROLE OF JAPAN IN EVERY PHASE OF THE ADB. THE COMBINATION OF SUBTLE GOVERNMENT SUBSIDIES AND THE ASSISTANCE OF POWERFUL TRADING COMPANIES PUTS JAPANESE FIRMS IN A FORMIDABLE POSITION.

B. THE LACK OF INTEREST, DETERMINATION, AND EXPERTISE OF MOST AMERICAN FIRMS IN BIDDING FOR OFTEN RELATIVELY SMALL ADB CONTRACTS IN LAOS.

C. THE FACT THAT AMERICAN EQUIPMENT GENERALLY FAR EXCEEDS ADB SPECIFICATIONS, WHEREAS THE JAPANESE IN PARTICULAR ARE MASTERS AT DESIGNING EQUIPMENT TO JUST MEET THE REQUIRED SPECS. AS A RESULT AMERICAN FIRMS ARE NOT COST COMPETITIVE.

2. IN ADDITION THERE ARE A NUMBER OF FACTORS PECULIAR TO LAOS WHICH FURTHER WORK AGAINST U.S. PROCUREMENT. OUR COMMITMENT TO VOTE AGAINST ANY ADB LOAN TO LAOS AND THE LAO GOVERNMENT'S EXTREME RELUCTANCE TO PERMIT AMERICAN ACCESS TO ANY PART OF THE COUNTRY OUTSIDE VIENTIANE MAKE U.S. SUCCESS IN OBTAINING ADB PROCUREMENT IN LAOS UNLIKELY. A FURTHER LIMITING FACTOR IS THAT REPRESENTATION IN LAOS BY THE AMERICAN BUSINESS COMMUNITY IS LIMITED TO A LIMITED OFFICIAL USE

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SINGLE BUSINESSMAN. IT IS UNLIKELY THE LAO WOULD WELCOME OR PERMIT A SIZEABLE INFLUX OF ADDITIONAL AMERICAN BUSINESSMEN HERE.

3. UNLESS A SPECIFIC PRODUCT IS OBTAINABLE ONLY IN THE U.S. OR THE QUALITY OF A U.S. PRODUCT IS CLEARLY FAR SUPERIOR TO THE COMPETITION, U.. PROCUREMENT FROM ADB PROJECTS IN LAOS WILL PROBABLY REMAIN NEGLIGIBLE.

4. IT MIGHT BE OF SOME ASSISTANCE IF EMBASSY BANGKOK WERE TO BRING ADB PROJECTS IN LAOS TO THE EARLY ATTENTION OF THE AMERICAN BUSINESS COMMUNITY THERE AND INFORM US OF ANY INTEREST EXPRESSED.

ROBERTS

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 jan 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: PROCUREMENT, DEVELOPMENT BANKS
Control Number: n/a
Copy: SINGLE
Draft Date: 25 jul 1978
Decaption Date: 01 jan 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 20 Mar 2014
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1978VIENTI00792
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Expiration:
Film Number: D780304-1131
Format: TEL
From: VIENTIANE
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1978/newtext/t19780721/aaaaarrh.tel
Line Count: 108
Litigation Code IDs:
Litigation Codes:
Litigation History:
Locator: TEXT ON-LINE, ON MICROFILM
Message ID: 0c09e76c-c288-dd11-92da-001cc4696bcc
Office: ACTION TRSE
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 2
Previous Channel Indicators: n/a
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: 78 STATE 155300
Retention: 0
Review Action: RELEASED, APPROVED
Review Content Flags:
Review Date: 05 may 2005
Review Event:
Review Exemptions: n/a
Review Media Identifier:
Review Release Date: N/A
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
SAS ID: 1889899
Secure: OPEN
Status: NATIVE
Subject: U.S. PROCUREMENT FROM ASIAN DEVELOPMENT BANK (ADB) LIMITED OFFICIAL USE LIMITED OFFICIAL USE
TAGS: EGEN, ETRD, BEXP, CE, ADB
To: STATE
Type: TE
vdkgvwkey: odb://SAS/SAS.dbo.SAS_Docs/0c09e76c-c288-dd11-92da-001cc4696bcc
Review Markings:
Sheryl P. Walter
Declassified/Released
US Department of State
EO Systematic Review
20 Mar 2014
Markings: Sheryl P. Walter Declassified/Released US Department of State EO Systematic Review 20 Mar 2014